



## **PUBLIC DISCLOSURE**

June 10, 2019

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The First National Bank of Dennison  
Charter Number 13802  
105 Grant Street  
Dennison, OH 44621

Office of the Comptroller of the Currency  
Northern Ohio Field Office  
200 Public Square Suite 1610  
Cleveland, OH 44114-2301

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Satisfactory**.

**The Lending Test is rated: Satisfactory.**

The major factors that support this rating include:

- The institution's loan-to-deposit (LTD) ratio is reasonable, given its size and financial condition, and meets the standard for satisfactory performance.
- The institution originated or purchased a substantial majority of its loans, by both number and dollar amount, inside its assessment area (AA) during the evaluation period.
- The institution's geographic distribution of home mortgage loans, loans to small businesses and consumer installment loans throughout the AA is reasonable.
- The institution's distribution of home mortgage loans, loans to small businesses, and consumer installment loans reflects a reasonable penetration to borrowers of different income levels and businesses of different sizes.
- The institution's branches are accessible to geographies and individuals of different income levels, and the institution offers online and mobile banking alternatives.
- The institution has not receive any complaints pertaining to its performance in helping meet the credit needs within its AA.

### Loan-to-Deposit Ratio

Considering First National Bank of Dennison's (FNB or bank) size and financial condition, and the credit needs of its AA, the bank's LTD ratio is reasonable.

FNB's LTD ratio is calculated on a bank-wide basis, and meets the standard for satisfactory performance. During the twelve quarters of the evaluation period, from January 1, 2015, until December 31, 2017, the bank's reported average quarterly LTD ratio was 67.9 percent. Quarterly ratios ranged from a low of 66.4 percent in the first quarter of 2015, to a high of 71.0 percent in the fourth quarter of 2016. In comparison, the average LTD ratios for three other banks of similar asset size ranged between 88.9 percent and 97.8 percent. Despite its lower average LTD ratio, FNB's performance is reasonable considering that its lending activity is impacted by competition from other banks, credit unions, and non-local financial institutions. FNB also sells a majority of its home mortgage loans to the secondary market, with over \$47 million sold during the evaluation period. Furthermore, FNB experienced approximately \$13 million in deposit growth during the evaluation period.

Competition for deposits in FNB's AA is substantial, with 14 institutions operating branch offices in the mostly rural area with a population of only 92,697. Half of FNB's competitors are large multi-state banks. There is significantly more competition for loans in the AA, with 140 lenders originating home mortgage loans, and 48 originating business loans.

## Lending in Assessment Area

During the evaluation period, FNB made a substantial majority of its loans inside its AA. This conclusion is based on a statistical sample of 80 consumer installment loans, 80 commercial loans, and 80 home mortgage loans originated between January 1, 2015, and December 31, 2017. Of the 240 loans reviewed, the bank originated or purchased 85.0 percent by number and 93.0 percent by dollar amount of its total consumer installment, commercial, and home mortgage loans within its AA. This had a positive impact on our overall analysis of the bank's distribution of lending by income level of geographies.

Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Consumer Installment Loans	61	76.3	19	23.7	80	568	72.4	217	27.6	785
Commercial Loans	73	91.3	7	8.7	80	7,855	96.3	303	3.7	8,158
Home Mortgage Loans	70	87.5	10	12.5	80	7,168	91.7	652	8.3	7,820
<b>Total</b>	<b>204</b>	<b>85.0</b>	<b>36</b>	<b>15.0</b>	<b>240</b>	<b>15,591</b>	<b>93.0</b>	<b>1,172</b>	<b>7.0</b>	<b>16,763</b>

*Source: Evaluation Period: 1/1/2015 - 12/31/2017 Bank Data. Due to rounding, totals may not equal 100.0*

## Description of Institution

FNB is a \$227.7 million intrastate bank headquartered in Dennison, Ohio. It is a wholly-owned subsidiary of FNB, Inc., a one-bank holding company. FNB, Inc. has one other subsidiary, Tuscvally Financial Inc., which is a consumer-installment loan finance company. The bank has five full-service branches. The main office is located in Dennison, two offices are in New Philadelphia, one office is in Dover, and the other is in Gnadenuhuten. Each branch has an onsite deposit-taking ATM. Management designated all of Tuscarawas County as the bank's AA. The bank's primary business strategy is to focus on home mortgage loans, small loans to businesses, and consumer installment lending.

A competitive banking environment exists within the AA, with a mix of large and community banks as well as credit unions serving the area. According to the June 30, 2017, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share report, 14 insured financial institutions with 37 offices serve Tuscarawas County. This does not include credit unions or other financial services providers. FNB ranked third in terms of deposit market share, with 14.1 percent of insured deposits, and this ranking was consistent with 2015 and 2016. Top competitors for deposits in the AA include Huntington National Bank and First Federal Community Bank, which hold a total of 43.6 percent of the deposit market as of June 30, 2017.

There are no legal, financial, or other factors impeding FNB's ability to help meet the credit needs of the communities it serves. As of December 31, 2017, the bank's tier 1 capital totaled \$21.4 million, or 9.4 percent of total assets. The bank received a rating of "Satisfactory" as a result of its previous CRA examination dated May 12, 2014.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

This performance evaluation assesses FNB's record of meeting the credit needs of the community in which it operates. We performed our review using Small Bank Community Reinvestment Act (CRA) examination procedures. The Lending Test evaluates the bank's record of meeting the credit needs of the bank's AA through its consumer installment, commercial, and home mortgage lending activities. The evaluation period for lending activity covers January 1, 2015, through December 31, 2017.

We evaluated FNB's lending performance during 2015 and 2016 separately from 2017, due to changes resulting from the FFIEC's analysis of the American Community Survey (ACS) data that became effective on January 1, 2017. The ACS data resulted in updated population and housing demographic information, as well as changes to the income designations of some census tracts (CTs). Based on the bank's internal reports for lending activity during the evaluation period, and discussions with senior management, we determined that the bank's primary lending focus during the evaluation period was on consumer installment, commercial, and home mortgage loans. Equal consideration was given to the performance related to these three products in order to arrive at our conclusions. While the bank also originates agricultural and home equity lines of credit (HELOCs), they are not a primary lending focus of the bank.

We considered other supporting information in evaluating FNB's CRA performance. Additional supporting information included 2010 U.S. Census data, 2015 ACS data, internal bank records, deposit market share data, and information from governmental websites regarding the characteristics and economy of the bank's AA. We also considered information from community contacts, in order to help assess the needs of the bank's AA, and the opportunities for financial institutions to lend within that area.

### **Selection of Areas for Full-Scope Review**

FNB only has one AA, and we performed a full-scope review for that AA. The AA is comprised of Tuscarawas County in its entirety, and is not part of an MSA.

### **Ratings**

FNB's overall rating is based on performance within the bank's only AA. In reaching our conclusion, we weighed information from the following performance criteria when analyzing the bank's primary lending products: lending within the AA, lending to borrowers of different incomes and businesses of different sizes, and the geographic distribution of the bank's loans. Since the AA contains no low-income CTs, and only four moderate-income CTs, additional weight was given to lending to borrowers of different incomes and businesses of different sizes since this represents a better measure of the bank's lending performance than the geographic distribution test.

FNB's state rating is based on performance within its AA. Refer to the "Scope" paragraph within the "State" section of this document for details regarding how any areas were weighted in arriving at the respective ratings.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## State Rating

### State of Ohio

#### CRA rating for the State of Ohio<sup>1</sup>: Satisfactory

#### The Lending Test is rated: Satisfactory

The major factors that support this rating include:

- FNB's geographic distribution of home mortgage loans, loans to small businesses and consumer installment loans throughout its AA is reasonable.
- FNB's distribution of home mortgage loans, loans to small businesses and consumer installment loans reflects a reasonable penetration to borrowers of different income levels and businesses of different sizes.
- FNB did not receive any complaints regarding its performance in helping meet the credit needs within its AA during the evaluation period.

### Description of Institution's Operations in Ohio

FNB offers traditional banking products and services including business loans, residential mortgage loans, and consumer installment loans. The bank also offers HELOCs and farm loans, and provides a range of deposit products and services including checking accounts, savings accounts, certificates of deposit, electronic and mobile banking, and safe deposit boxes. Business related deposit products and services include checking accounts, cash management services, merchant card services and wire transfers.

The bank does most of its lending in areas surrounding its Dennison, Dover, Gnadenhutten, and New Philadelphia offices, which is where the bank's customer deposit base is also located. Each of the bank's branches are open Monday through Saturday during the same hours, and offer drive-through services. Deposit taking ATMs are located at each branch, and are accessible 24 hours a day. Based on 2015 ACS data, the Dover branch is located in a moderate-income CT while the other four branches are in middle-income CTs. The bank is also a member of the Jeanie ATM network, which provides customers with surcharge fee free access to Jeanie branded ATMs nationwide. The bank did not open or close any branch locations during the period. Small business lending is a focus for the bank, as is the consumer retail market.

FNB's loan portfolio increased by 11.2 percent during the evaluation period. As of December 31, 2017, the bank's loan portfolio totaled \$138.9 million, of which 56.5 percent was real estate secured. The loan portfolio was 36.7 percent consumer installment, 23.8 percent 1-4 family residential, 17.2 percent non-farm/non-residential, 9.0 percent HELOC, 6.7 percent commercial, 2.2 percent construction, 2.2 percent farm, 2.0 percent multi-family, and 0.2 percent other loans. During 2015, 2016, and 2017, the bank originated 5,601 consumer installment loans, 1,019 business loans, and 422 home mortgage loans. By

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<sup>1</sup> This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within a MMSA.

dollar amount, 38.7 percent was consumer installment loans, 34.0 percent was business loans, and 27.3 percent was home mortgage loans.

According to 2017 aggregate lending data, 140 lenders originated mortgage loans in the AA during the evaluation period. The top three home loan lenders in the AA are large banks and mortgage companies that have a combined 25.6 percent of the market. According to 2017 business data, a total of 48 lenders made loans to businesses in the AA. The top five business lenders in the AA are large banks, which account for 57.4 percent of the business lending in the market. FNB does not report its residential mortgage or small business loan data.

Based on 2010 U.S. Census data, the AA consists of 21 CTs that include no low-income CTs, four moderate-income CTs, 16 middle-income CTs, and one upper-income CT. According to 2015 ACS data, the total number of CTs remains unchanged but the number of middle-income CTs declined by one to 15, and the number of upper-income CTs increased by one to two. The AA does not arbitrarily exclude any low- or moderate-income CTs, is not part of a Metropolitan Statistical Area (MSA), and does not contain any designated distressed or underserved middle-income areas.

Based on a comparison of 2010 U.S. Census and 2015 ACS data, the number of owner-occupied housing units declined by 4.4 percent during the evaluation period, while the number of rental-occupied units increased by 19.3 percent. The median home value declined by 2.6 percent, and was \$110,074 as of the 2015 ACS. A majority of non-farm businesses within the AA are small. According to both 2010 U.S. Census and 2015 ACS data, a significant majority of businesses in the AA had less than five employees, operated from a single location, and had less than \$1 million in gross revenues. Service and retail trade business sectors accounted for 54.5 percent of the employers within the AA, according to June 2017 Dun & Bradstreet data. Major employers include Union Hospital, Belden Brick, Gradall Industries, Allied Machine & Engineering, and Dover-New Philadelphia Schools.

Economic growth in the AA is generally keeping pace with the state of Ohio's, and its unemployment rate was consistent with both state and national averages during the evaluation period. According to the U.S. Department of Labor, the unadjusted average annual unemployment rate for Tuscarawas County declined from 6.4 percent in January 2015, to 4.5 percent as of December 31, 2017. The state-wide unemployment rate declined from 6.0 percent in January 2015, to 4.4 percent as of December 31, 2017. The national rate decreased during the evaluation period as well, to a low of 4.1 percent as of December 31, 2017.

We considered information obtained from two community organizations within the Tuscarawas County AA as part of our evaluation. One focuses on affordable housing and services, and the other focuses on economic development. The organizations identified that the community development and credit needs of the AA include affordable single-family housing units, and involvement in a community housing impact and preservation program (which is aimed at improving existing homes to provide housing for low- and moderate-income people). The availability of small dollar consumer loan products would provide an alternative to payday lending. A need for lower interest commercial loans also exists. In addition, support for weatherization services and utility assistance is needed, as well as funding and volunteers for financial literacy programs, homelessness prevention, public transportation, and the Head Start program. One community organization mentioned FNB as being a good partner that provides funding for the organization's programs.

Demographic information for the full-scope assessment area is contained in the tables below.

## Tuscarawas County AA

<b>Table A-1: Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Tuscarawas County – 2015 &amp; 2016</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	21	0.0	19.0	76.2	4.8	0.0
Population by Geography	92,582	0.0	16.8	79.6	3.6	0.0
Housing Units by Geography	40,042	0.0	17.0	79.3	3.7	0.0
Owner-Occupied Units by Geography	26,998	0.0	15.4	80.8	3.8	0.0
Occupied Rental Units by Geography	9,130	0.0	20.2	75.1	4.8	0.0
Vacant Units by Geography	3,914	0.0	20.8	78.8	0.3	0.0
Businesses by Geography	5,072	0.0	15.4	81.3	3.3	0.0
Farms by Geography	279	0.0	10.0	87.5	2.5	0.0
Family Distribution by Income Level	24,774	18.9	19.4	23.2	38.4	0.0
Household Distribution by Income Level	36,128	23.6	17.9	18.5	40.0	0.0
Median Family Income Non-MSAs - OH		\$52,573	Median Housing Value			\$113,012
			Median Gross Rent			\$590
			Families Below Poverty Level			9.2%

*Source: 2010 U.S. Census and 2016 D&B Data. Due to rounding, totals may not equal 100.0. (\*) The NA category consists of geographies that have not been assigned an income classification.*

<b>Table A-2: Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Tuscarawas County - 2017</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	21	0.0	19.0	71.4	9.5	0.0
Population by Geography	92,697	0.0	16.8	75.3	7.9	0.0
Housing Units by Geography	40,007	0.0	18.6	73.7	7.7	0.0
Owner-Occupied Units by Geography	25,820	0.0	14.2	77.1	8.7	0.0
Occupied Rental Units by Geography	10,893	0.0	27.9	65.7	6.5	0.0
Vacant Units by Geography	3,294	0.0	22.8	74.0	3.2	0.0
Businesses by Geography	5,190	0.0	21.5	70.3	8.2	0.0
Farms by Geography	299	0.0	5.4	86.3	8.4	0.0
Family Distribution by Income Level	25,250	18.8	19.1	23.5	38.7	0.0
Household Distribution by Income Level	36,713	23.3	16.0	19.4	41.3	0.0
Median Family Income Non-MSAs - OH		\$56,217	Median Housing Value			\$110,074
			Median Gross Rent			\$674
			Families Below Poverty Level			10.7%

*Source: 2015 ACS data and 2017 D&B data. Due to rounding, totals may not equal 100.0. (\*) The NA category consists of geographies that have not been assigned an income classification.*

## Scope of Evaluation in Ohio

We performed a full-scope review for FNB's only AA, Tuscarawas County. The Lending Test covered the bank's primary loan products (consumer installment, business, and home mortgage loans) from January 1, 2015, through December 31, 2017. Based on loan origination data, equal consideration was given to the bank's performance in relation to all three portfolios in order to arrive at our conclusions. The bank is not required to report home mortgage or small business lending data. Therefore, we based our lending-related conclusions on a statistical sample of 80 consumer installment loans, 80 business loans, and 80 home mortgage loans the bank originated during the evaluation period. Since the AA does not contain any low-income CTs, and only four moderate-income CTs, additional weight was given to lending to borrowers of different incomes and businesses of different sizes, since this provides a better measure of the bank's lending performance compared to the geographic distribution test. We did not perform a formal data integrity review on loan data, but we did confirm the accuracy of all geocoding and income/revenue data for the loans we sampled to perform the Lending Tests.

## LENDING TEST

FNB's performance under the Lending Test in Ohio is rated Satisfactory. Based on a full-scope review, the bank's lending performance in the state is reasonable.

## Distribution of Loans by Income Level of the Geography

FNB's geographic distribution of home mortgage loans, business loans, and consumer installment loans is reasonable. For comparative purposes, in drawing our conclusions, we considered the percentage of owner-occupied housing units and number of businesses and households in moderate-income geographies, and aggregate lending data for the Tuscarawas County AA. We also considered demographic factors that could affect the bank's ability to lend. These factors include competition, a lack of low-income CTs, and the location of the majority of businesses and owner-occupied housing. For example, better lending opportunities exist in the AA's middle- and upper-income CTs. Middle- and upper-income CTs contained 85.8 percent of the AA's owner-occupied housing units as of the 2015 ACS, compared to 84.6 percent as of the 2010 U.S. Census. While a significant majority of businesses are located in the middle- and upper-income CTs, 2017 Dun & Bradstreet data reflects a 38.0 percent increase in the number of small businesses located in moderate-income geographies during the evaluation period.

### *Home Mortgage Loans*

Refer to Tables O-1 and O-2 in *Appendix D* for the facts and data used to evaluate FNB's geographic distribution of home mortgage loans.

Based on our statistical sample of loans originated between January 1, 2015, and December 31, 2016, and between January 1, 2017, and December 31, 2017, FNB's overall distribution of home mortgage loans among geographies of different income levels is reasonable. We considered that the AA does not have any low-income CTs, and that while 84.9 percent of housing units in the AA's moderate-income CTs are single-family homes, only 49.2 percent (3,666) are owner-occupied according to 2015 ACS data. This represents an 11.8 decline in the number of owner-occupied units in moderate-income CTs since the 2010 U.S. Census. Furthermore, the greatest percentage of rental and vacant households are in moderate-income CTs.

During 2015 and 2016, FNB originated 14.3 percent of its home mortgage loans in moderate-income CTs, which is slightly below both the percentage of the AA's owner-occupied housing units in those CTs (15.4 percent), and the aggregate lending percentage (15.9 percent) in those CTs. During 2017, the bank also originated 14.3 percent of its home mortgage loans in moderate-income CTs, which exceeded the percentage of the AA's owner-occupied housing units in those CTs (14.2 percent), and was near the aggregate lending percentage (14.6 percent) in those CTs.

### ***Small Loans to Businesses***

Refer to Tables Q-1 and Q-2 in *Appendix D* for the facts and data used to evaluate FNB's geographic distribution of small loans to businesses.

FNB's geographic distribution of small loans to businesses reflects an excellent dispersion throughout the AA, considering the level of competition from other banks, credit unions, and non-bank financial institutions for business loans. Based on our statistical sample of small loans to businesses, between January 1, 2015, and December 31, 2016, the bank originated 27.7 percent of its loans to businesses located in moderate-income CTs, and between January 1, 2017, and December 31, 2017, it originated 29.7 percent of its loans to businesses located in moderate-income CTs. These percentages significantly exceeded both the percentage of the AA's businesses that are in moderate-income CTs, and the percentage of aggregate lending that occurred in moderate-income CTs throughout the entire review period.

### ***Consumer Installment Loans***

Refer to Tables U-1 and U-2 in *Appendix D* for the facts and data used to evaluate FNB's geographic distribution consumer installment loans.

FNB's overall distribution of consumer installment loans among geographies of different income levels is reasonable. In reaching this conclusion, we took into account that according to 2010 U.S. Census and 2015 ACS data, the percentage of households located in moderate-income tracts that live below the poverty level was 19.8 percent and 18.5 percent, respectively. It is more difficult for people living below the poverty level to qualify for credit.

Based on our statistical sample, between January 1, 2015, and December 31, 2016, FNB originated 16.1 percent of its consumer installment loans to borrowers in moderate income CTs, and between January 1, 2017, and December 31, 2017, it originated 16.7 percent of its consumer installment loans in moderate-income geographies. These percentages were near, but below, the percentage of AA households located in moderate-income CTs (16.6 and 18.3 percent, respectively).

### **Distribution of Loans by Income Level of the Borrower**

FNB's distribution of loans to individuals of different income levels and businesses of different sizes is reasonable, given the product lines offered by the bank. In evaluating the borrower distribution of home mortgage loans, we gave consideration to the poverty rate as well as the level of competition in the AA.

### ***Home Mortgage Loans***

Refer to Tables P-1 and P-2 in *Appendix D* for the facts and data used to evaluate FNB's distribution of home mortgage loans to borrowers of different income levels.

FNB's distribution of home mortgage loans among borrowers of different income levels is reasonable. In drawing our conclusion, we considered factors that would affect the bank's ability to lend to low- or moderate-income borrowers. Specifically, we considered information from one community contact that indicated that the need for affordable housing is still very high due to the after-effects of the oil shale boom. The contact also stated that much of the housing stock is old and ill-maintained, and that the median age of the homes within the AA is 50 years. Older homes often cost more to maintain, frequently require repairs, and are typically less energy efficient. All of these factors add to the overall cost of homeownership, which can negatively impact the ability of low- and moderate-income families to qualify for home mortgage loans. Based on 2010 U.S. Census and 2015 ACS data, 9.2 percent and 10.7 percent of AA families, respectively, live below the poverty level.

Based on our statistical sample of home mortgage loans originated between January 1, 2015, and December 31, 2016, FNB originated 8.6 percent of home mortgage loans to low-income borrowers. While the bank's percentage of loans to low-income borrowers is below the percentage of low-income families in the AA, it exceeded the aggregate lending percentage of 7.8 percent. The bank also originated 22.9 percent of its home mortgage loans to moderate-income borrowers, which exceeded both the percentage of families in the AA that are moderate-income and the aggregate lending percentage.

The bank's lending in 2017 is similar to 2015 and 2016. Based on our statistical sample, from January 1, 2017 through December 31, 2017, FNB originated or purchased 17.2 percent of its home mortgage loans to low-income borrowers. While the bank's percentage of lending to low-income borrowers is slightly below the percentage of low-income families, the bank's percentage significantly exceeds the aggregate lending percentage of 7.1 percent. FNB also originated or purchased 20.0 percent of its home mortgage loans to moderate-income borrowers. This is consistent with both the 19.1 percent of families in the AA that are moderate-income, and the aggregate home mortgage lending percentage of 19.9 percent.

### ***Small Loans to Businesses***

Refer to Tables R-1 and R-2 in *Appendix D* for the facts and data used to evaluate FNB's distribution of small loans to businesses.

FNB's distribution of small loans to small businesses reflects reasonable penetration among businesses of different sizes. In drawing our conclusion, we considered the level of competition from other banks, credit unions, and non-bank financial institutions for lending opportunities in an AA with just over 4,000 small businesses.

Based on our statistical sample of small loans to businesses originated between January 1, 2015, and December 31, 2016, FNB made 58.3 percent of its loans to businesses with gross annual revenues of \$1 million or less, and between January 1, 2017, and December 31, 2017, it made 51.4 percent of its loans to businesses with gross annual revenues of \$1 million or less. While these percentages are less than the 78.0 of AA businesses that have gross annual revenues of \$1 million or less, they exceed the aggregate lending percentages of 40.0 percent and 46.1 percent, respectively.

### ***Consumer Installment Loans***

Refer to Tables V-1 and V-2 in *Appendix D* for the facts and data used to evaluate FNB's distribution of consumer installment loan originations by borrower income level.

FNB's distribution of consumer installment loans among borrowers of different income levels is excellent. As part of our analysis, we considered that according to 2010 U.S. Census and 2015 ACS data, the number of households living below the poverty level in the AA increased by 4.3 percent during the evaluation period, and totaled 13.5 percent as of the 2015 ACS.

Based on our statistical sample of loans originated between January 1, 2015, and December 31, 2016, FNB originated 29.0 percent of its consumer installment loans to low-income borrowers, and 22.6 percent to moderate-income borrowers. These figures exceed the percentages of households in the AA that are low- and moderate-income.

FNB's lending performance in 2017 was similar to 2015 and 2016. Based on our statistical sample of loans originated between January 1, 2017, and December 31, 2017, the bank originated 26.7 of its consumer installment loans to low-income borrowers, and 16.7 percent to moderate-income borrowers. These figures also exceeded the percentages households in the AA that are low- and moderate-income.

### **Responses to Complaints**

FNB did not receive any complaints pertaining to the Community Reinvestment Act during the evaluation period.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSAs and non-MSAs that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

<b>Time Period Reviewed:</b>	01/01/2015 to 12/31/2017	
<b>Bank Products Reviewed:</b>	Commercial Loans Consumer Installment Loans Home Mortgage Loans	
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
Ohio		
Tuscarawas	Full-scope	AA consists of Tuscarawas County

## Appendix B: Summary of MMSA and State Ratings

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RATINGS	THE FIRST NATIONAL BANK OF DENNISON
Overall Bank:	Lending Test Rating
The First National Bank of Dennison	Satisfactory
MMSA or State:	
State of Ohio	Satisfactory

## Appendix C: Definitions and Common Abbreviations

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The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending (Aggt.):** The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Census Tract (CT):** A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

**Combined Statistical Area (CSA):** A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder’ and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

**Full-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income Individual:** Individual income that is less than 50 percent of the area median income.

**Low Income Geography:** A census tract with a median family income that is less than 50 percent.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rating Area:** A rated area is a state or multi-state metropolitan statistical area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

**Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.

**Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.

**Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.

**Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

**Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and

purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.

**Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower**  
- Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/assessment area.

**Ohio Lending**

<b>Table O-1: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography</b>																			<b>2015-16</b>		
Assessment Area:	Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts					
	#	\$(000)	% of Total	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate			
Tuscarawas County	35	3,630	100.0	0.0	0.0	0.0	15.4	14.3	15.9	80.8	82.8	78.0	3.8	2.9	6.2	0.0	0.0	0.0			

*Source: 2010 U.S. Census; 01/01/2015 - 12/31/2016 bank data, 2016 HMDA aggregate data, Due to rounding, totals may not equal 100.0*

<b>Table O-2: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography</b>																			<b>2017</b>		
Assessment Area:	Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts					
	#	\$(000)	% of Total	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate			
Tuscarawas County	35	3,539	100.0	0.0	0.0	0.0	14.2	14.3	14.6	77.1	82.8	74.0	8.7	2.9	11.4	0.0	0.0	0.0			

*Source: 2015 ACS data; 01/01/2017 - 12/31/2017 bank data, 2017 HMDA aggregate data, Due to rounding, totals may not equal 100.0*

<b>Table P-1: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower</b>																		<b>2015-16</b>		
Assessment Area:	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers				
	#	\$(000)	% of Total	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate		
Tuscarawas County	35	3,630	100.0	18.9	8.6	7.8	19.4	22.9	17.5	23.2	28.5	24.5	38.4	40.0	30.9	0.0	0.0	19.4		
<i>Source: 2010 U.S. Census; 01/01/2015 - 12/31/2016 bank data, 2016 HMDA aggregate data, Due to rounding, totals may not equal 100.0</i>																				

<b>Table P-2: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower</b>																		<b>2017</b>		
Assessment Area:	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers				
	#	\$(000)	% of Total	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate		
Tuscarawas County	35	3,539	100.0	18.8	17.2	7.1	19.1	20.0	19.9	23.5	22.8	24.2	38.7	40.0	29.1	0.0	0.00	19.6		
<i>Source: 2015 ACS data; 01/01/2017 - 12/31/2017 bank data, 2017 HMDA aggregate data, Due to rounding, totals may not equal 100.0</i>																				

<b>Table Q-1: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography</b>																		<b>2015-16</b>		
Assessment Area:	Total Loans to Small Businesses			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$ (000)	% of Total	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate		
Tuscarawas County	36	4,375	100.0	0.0	0.0	0.0	15.4	27.7	12.3	81.3	66.7	86.1	3.3	5.6	1.5	0.0	0.0	0.0		
<i>Source: 2016 D&amp;B data; 01/01/2015 - 12/31/2016 bank data; 2016 CRA aggregate data, Due to rounding, totals may not equal 100.0</i>																				

<b>Table Q-2: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography</b>																		<b>2017</b>		
Assessment Area:	Total Loans to Small Businesses			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$ (000)	% of Total	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate		
Tuscarawas County	37	3,480	100.0	0.0	0.0	0.0	21.5	29.7	19.2	70.3	67.6	71.4	8.2	2.7	9.5	0.0	0.0	0.0		
<i>Source: 2017 D&amp;B data; 01/01/2017 - 12/31/2017 bank data; 2017 CRA aggregate data, Due to rounding, totals may not equal 100.0</i>																				

<b>Table R-1: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues</b>							<b>2015-16</b>			
Assessment Area:	Total Loans to Small Businesses			Businesses with Revenues <= \$1MM			Businesses with Revenues > \$1MM		Businesses with Revenues Not Available	
	#	\$ (000)	% of Total	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Tuscarawas County	36	4,375	100.0	78.0	58.3	40.0	7.1	30.6	14.9	11.1
<i>Source: 2016 D&amp;B data; 01/01/2015 - 12/31/2016 bank data; 2016 CRA aggregate data, Due to rounding, totals may not equal 100.0</i>										

<b>Table R-2: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues</b>							<b>2017</b>			
Assessment Area:	Total Loans to Small Businesses			Businesses with Revenues <= \$1MM			Businesses with Revenues > \$1MM		Businesses with Revenues Not Available	
	#	\$ (000)	% of Total	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Tuscarawas County	37	3,480	100.0	78.0	51.4	46.1	7.1	29.7	14.9	18.9
<i>Source: 2017 D&amp;B data; 01/01/2017 - 12/31/2017 bank data; 2017 CRA aggregate data, Due to rounding, totals may not equal 100.0</i>										

Table U-1: Assessment Area Distribution of Consumer Loans by Income Category of the Geography													2015-16	
Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts		
	#	\$(000)	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Tuscarawas County	31	333	100.0	0.0	0.0	16.6	16.1	79.4	83.9	4.0	0.0	0.0	0.0	

Source: 2010 U.S. Census; 01/01/2015 - 12/31/2016 bank data. Due to rounding, totals may not equal 100.0

Table U-2: Assessment Area Distribution of Consumer Loans by Income Category of the Geography													2017	
Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts		
	#	\$(000)	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Tuscarawas County	30	235	100.0	0.0	0.0	18.3	16.7	73.7	83.3	8.1	0.0	0.0	0.0	

Source: 2015 ACS data; 01/01/2017 - 12/31/2017 bank data. Due to rounding, totals may not equal 100.0

Table V-1 - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower													2015-16	
Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers		
	#	\$(000)	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Tuscarawas County	31	333	100.0	23.6	29.0	17.9	22.6	18.5	22.6	40.0	25.8	0.0	0.0	
<i>Source: 2010 U.S. Census; 01/01/2015 - 12/31/2016 bank data. Due to rounding, totals may not equal 100.0</i>														

Table V-2 - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower													2017	
Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers		
	#	\$(000)	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Tuscarawas County	30	235	100.0	23.3	26.7	16.0	16.7	19.4	33.3	41.3	23.3	0.0	0.0	
<i>Source: 2015 ACS data; 01/01/2017 - 12/31/2017 bank data. Due to rounding, totals may not equal 100.0</i>														